

## WASHINGTON PROMISE SCHOLARSHIP Program Evaluation

October 2002

The Washington Promise Scholarship program provides scholarships to high school seniors who graduate from a Washington public or private high school in the top 15 percent of their class<sup>1</sup> and who have a family income that does not exceed 135 percent of the state's median family income.<sup>2</sup> The scholarship is awarded for the first two years of study at any accredited public two- or four-year institution, independent college/university, or private career college in the state of Washington.

Subject to available funding, the maximum award is equivalent to resident tuition at community & technical colleges.<sup>3</sup> When funding is not sufficient to provide the maximum award to all students who qualify, the award amount is reduced, but all eligible students are awarded. In each year since the program's inception, actual awards have been less than the authorized maximum.

Approximately 6,500 students will receive Promise Scholarships of \$948 during the 2002-2003 academic year. Recipients are nearly evenly divided between first- and second-year students.

Now in its fourth year, the Promise Scholarship program was initially authorized through provisions of the 1999-01 and 2001-02 state operating budgets. It was enacted into permanent statute by the 2002 Legislature.

**Legislative Charge and Study Overview.** The state operating budgets for fiscal year 2002 and fiscal year 2003, call for an evaluation of the impact and effectiveness of the Promise Scholarship program. Findings are to be reported to the Governor and the Legislature by December 1, 2002.

Budget language specifies that the evaluation shall include, but not be limited to:

- (A) An analysis of other financial assistance Promise Scholarship recipients receive through other federal, state, and institutional programs, including grants, work study, tuition waivers, tax credits, and loan programs;
- (B) An analysis of whether the implementation of the Promise Scholarship program has affected student indebtedness; and
- (C) An evaluation of what types of students successfully complete high school but do not attend college because they cannot obtain financial aid or the financial aid is insufficient.

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<sup>1</sup> Students may also meet the academic standard if they score at least 1200 on their first Scholastic Assessment Test (SAT) or 27 on the American College Test (ACT) assessment.

<sup>2</sup> The median family income is adjusted for family size. For the 2002-2003 academic year, 135% of the state's median family income for a family of four is \$85,900.

<sup>3</sup> A budget proviso in the FY 2003 state operating budget limits awards to new recipients in the 2002-2003 academic year to \$1,000.

The Higher Education Coordinating Board has completed a preliminary analysis that responds to the specific issues enumerated in the legislation. In addition, the Board's study evaluates the extent to which the current program achieves legislative goals, and it considers whether changes might improve program effectiveness and/or efficiency.

Although the Promise Scholarship program is beginning its fourth year of operation, the evaluation focused on the program's first two years. This limitation resulted from the need for full-year financial aid award information in order to respond to the questions posed in the Legislative directive. While the deadline for this review does not allow an examination of the extent to which recipients completed their academic programs, it provides an opportunity to evaluate the program early in its existence and to recommend changes that would make it more effective and/or more efficient in future years.

**Discussion of Findings and Adoption of Report.** The Board's financial aid committee has provided direction to the staff regarding the study, and both that committee and the Board's policy committee have had an opportunity to review and discuss the study's major findings.

A stakeholder group, including staff from the governor's office, legislative committees, the Office of the Superintendent of Public Instruction, colleges and universities, and education organizations, was convened at the beginning of the evaluation to discuss study scope. This group will meet again before the end of October to review and discuss preliminary findings.

At the Board's October 29 meeting, staff will present a study overview and preliminary findings for Board discussion. The Higher Education Coordinating Board will be asked to take action on the report at its December 12 meeting, after which the final report will be transmitted to the Governor and the Legislature.

## Promise Scholarship Evaluation



WASHINGTON  
**HIGHER  
EDUCATION**  
COORDINATING BOARD

## ~~The Promise Scholarship Program~~

Established to...

... Reward academic merit and help make college more affordable for students from low- and middle-income families...

## The Promise Scholarship Program

- It is the state's first large financial aid program that is:
  - Targeted to academically meritorious high school graduates, and
  - Does not require documentation of financial need

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## Student Eligibility

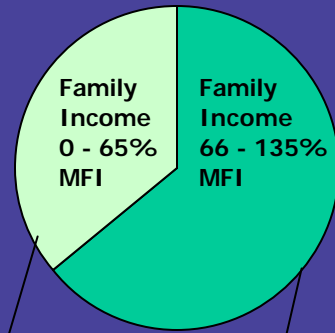
- *Academic Criteria*
  - Top 15% of their graduating class or
  - SAT or ACT
- *Income Criteria*
  - Up to 135% median family income  
*FY 2003 = \$85,900 -- Family Size 4*
- *College Enrollment*
  - Any accredited college/university in Washington

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## Family Incomes of Recipients

➤ About one-third of the 1999-00 Promise Scholarship recipients had family *incomes* of 65% or less of the state's median family income (MFI)

➤ Nearly two-thirds had family *incomes* between 66% and 135% of the state's MFI



\$0 - \$37,300

\$37,300 - \$77,500

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## Institutions Attended by Promise Scholarship Recipients

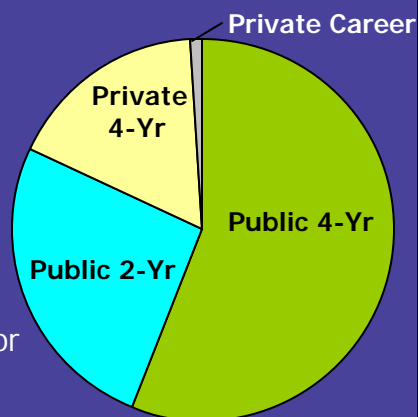
During the 2001-02 academic year:

➤ 56% attended a public four-year institution

➤ 26% attended a public two-year college

➤ 17% attended a private college or university

➤ 1% attended a private career school



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## Scholarship Amount

### *MAXIMUM SCHOLARSHIP*

- *Enabling legislation*  
Value of resident tuition and fees at  
community/technical colleges
- *2002 Budget Bill*  
New awards limited to \$1000

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## Scholarship Amount

### *ACTUAL SCHOLARSHIP*

- Determined by number of eligible  
students and available funds
- Has always been less than the maximum
- Has decreased as percent of maximum in  
each of past three years
  - 1999-2000 77%
  - 2000-2001 94%
  - 2001-2002 81%
  - 2002-2003 48%

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## Legislative Study Request

Washington's fiscal year 2002 and 2003 operating budgets direct the Higher Education Coordinating Board to evaluate the impact and effectiveness of the Promise Scholarship program

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## Elements of Legislative Study Request

The Promise Scholarship evaluation is to include, but is not limited to:

- An analysis of all types of financial assistance awarded to Promise Scholarship recipients
- The impact of the program on student debt
- Whether lack of financial aid prevents potential Scholarship recipients from attending college

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## HECB Evaluation

- Responded to Legislative questions
- Evaluated extent to which current design supports achievement of statutory goals
- Considered whether modifications might improve program efficiency and/or effectiveness

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## Study Data

Information for the study came from:

- Promise Scholarship program records
- Year-end student financial aid unit record report
- Data provided by OSPI, colleges and universities
- Surveys of students and high school counselors

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## Study Period

The majority of the study was of students who received a Promise Scholarship during the 1999-00 and/or the 2000-01 academic years

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## Study Issues

1. Affordability
2. Academic Eligibility Criteria
3. High School Achievement
4. College Participation
5. Other Issues

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## Issue 1: Affordability

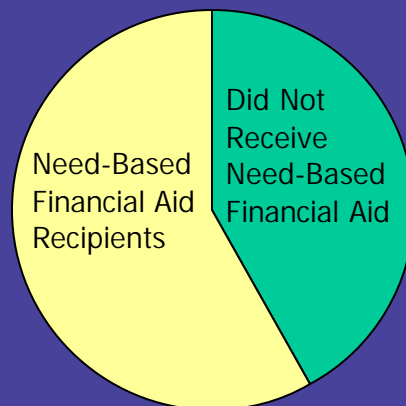
### *Study Questions*

- Did the Promise Scholarship replace grants and scholarships students would have otherwise received?
- Did it reduce the amount students had to borrow?
- Did it supplant federal education tax credits?
- Were "Top 15%" students unable to attend college because they did not qualify for financial aid or because financial aid was insufficient?

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## Affordability Promise Recipients and Financial Aid

Approximately 58% of the 2000-2001 Promise Scholarship recipients received need-based student financial aid.



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## Affordability

### Promise Recipients and Financial Aid

For financial aid recipients, the Promise Scholarship becomes a part of the student's total financial aid package



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## Affordability

### Promise Recipients and Financial Aid

Statutory Requirement

...the Promise Scholarship is not to supplant eligibility for other grants, scholarships or tax credits

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## Affordability

### Promise Recipients and Financial Aid

#### *Study Questions:*

- *Did the Promise Scholarship replace other grants and scholarships?*
- *Did it reduce loans?*

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## Affordability

### Promise Recipients and Financial Aid

Characteristic	Promise Recipients	Comparison Group
High school academic performance	✓	
Received financial aid	✓	✓
First or second year student	✓	✓
Dependent on parents	✓	✓
Less than 21 years old	✓	✓
Family income up to 135% MFI	✓	✓
Full-time/full-year at same school	✓	✓

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## Affordability

### Promise Recipients and Financial Aid

#### *Finding*

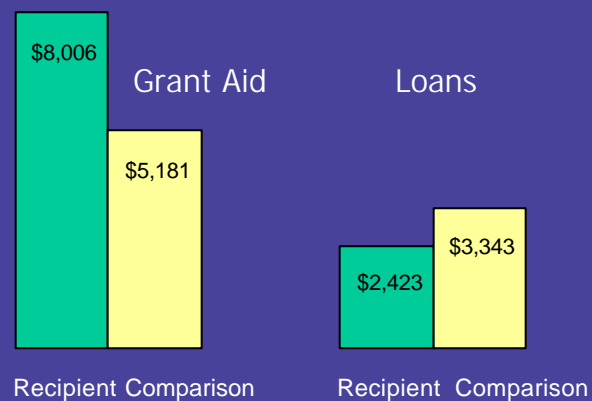
On average, at all types of institutions, aided Promise Scholarship recipients received more grants and less loans than their peers

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## Affordability

### Promise Recipients and Financial Aid

Grants and Loans Awarded to Recipients and Comparison Group



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## Affordability

### Promise Recipients and Hope Tax Credit

*Study Question:*

*Did the Promise Scholarship supplant eligibility for a federal Hope Tax Credit?*

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## Affordability

### Promise Recipients and Hope Tax Credit

Major Provisions: Federal Hope Tax Credit

- Tax credit up to \$1500
- First two years of college
- May be claimed for all dependents who qualify
- Maximum family income \$100,000

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## Affordability

### Promise Recipients and Hope Tax Credit

- Eligibility for the tax credit varies according to:
  - Income
  - Tax liability
  - Tuition paid
  - Total grants and scholarships received

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## Affordability

### Promise Recipients and Hope Tax Credit

- ...Eligibility for the tax credit was estimated
  - Using actual income, filing status, tax liability, tuition, and grant/scholarship data; and
  - Assuming that all families who qualified would claim the credit
- ...Analysis also calculated the extent to which the Promise Scholarship appeared to reduce or eliminate eligibility for the tax credit

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## Affordability

### Promise Recipients and Hope Tax Credit

#### *Findings*

- About 54% of the 2000-2001 Promise Scholarship recipients were estimated to qualify for federal Hope Tax Credits totaling about \$2.4 million
- Had they not received the Promise Scholarship, recipients would have qualified for an additional \$1.6 million in tax credits

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## Affordability

### Promise Recipients and Hope Tax Credit

- Every \$5 the state invested in the Promise Scholarship resulted in \$1 of foregone federal Hope Tax Credits
- However, recipients experienced a net gain of \$6.3 million because both were available

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## Affordability

### Promise Recipients and Hope Tax Credit

- Except for students attending low-cost institutions, reductions in the Hope Tax Credit were not consistent for any one population group

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## Affordability

### Promise Recipients and Hope Tax Credit

- Changing Promise eligibility limits to capture increased tax credits, or to ensure that students don't receive both Hope and Promise, could make many students ineligible for Promise and might result in students failing to qualify for either benefit

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## Affordability

### Lack of Financial Aid

*Study Question: Were eligible students unable to attend college because they did not qualify for financial aid or because financial aid was insufficient?*

#### *Finding*

Lack of financial aid did not appear to prevent Promise-eligible students from attending college

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## Affordability

### Lack of Financial Aid

- Only 6% of the students who met academic eligibility criteria for the Promise Scholarship said they did not attend college the year after high school
- About one-half of this group cited lack of money as a reason for not attending

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## Issue 2: Academic Eligibility Criteria

*Study Question: Do current academic eligibility criteria support the goal of rewarding academically successful high school graduates?*

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## Academic Eligibility

### *Finding 1*

Using the Top 15% eligibility standard ensures that students at all schools – urban and rural, large and small, public and private – will be considered for the scholarship

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## Academic Eligibility

### *Finding 2*

Allowing students to meet the academic criteria by achieving high SAT scores provided an alternative used by about 6% of the 2000-01 Promise Scholarship recipients

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## Issue 3: Impact on High School Achievement

*Study Question: Did the Promise Scholarship program encourage meritorious academic performance in high school?*

### *Findings*

*Indeterminate. Because the evaluation was based on the program's first two years, its ability to impact high school achievement was limited*

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## Impact on High School Achievement

### *Finding 1*

By the program's second year, 68% of the *recipients* had heard about the Promise Scholarship program before or during their senior year in high school

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## Impact on High School Achievement

### *Finding 2*

71% of the *recipients* said that knowing there was a possibility of receiving a Promise Scholarship caused them to work harder academically in high school

59% of the high school counselors and administrators agreed

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## Impact on High School Achievement

### *Finding 3*

Although *recipients* said knowing about the program made them work harder, many *counselors* said they did not tell students about the Promise Scholarship program because program continuation and funding were uncertain

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## Issue 4: College Participation

*Study Question: What was the impact of the Promise Scholarship program on college participation and performance?*

### *Findings*

Students who were in the top 15% cohort attended college at a high rate and Promise Scholarship recipients performed well in college

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## Issue 4: College Participation

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To receive the scholarship, students were required to attend an institution in the state of Washington...

*Finding 1:* 63% of the recipients said receiving the Promise Scholarship influenced their decision to attend in-state

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## ~~Issue 4: College Participation~~

### *Finding 2*

Promise Scholarship recipients performed well in college

- 92% attended full-time

- 90% had a 2.5 or higher GPA at the end of their first year in college

- 94% returned the second year

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## 5: Other Issues

### Income Cut-Off

*Study Question: Should the Promise Scholarship program have a different income cut-off? If so, should it be higher than 135% of the state's median family income?*

#### *Findings*

- The current income cut-off focuses the program on students from low- and middle-income families

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## Other Issues

### ...Income Cut-off

- An income cut-off safeguards against the negative consequences experienced in other states where there is no income limit
  - High cost
  - Often funded at expense of need-based financial aid

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## Other Issues

### Use of WASL as Academic Standard

*Study Question: Should the 10<sup>th</sup> Grade WASL be used as the academic eligibility criteria ...*

*... in lieu of the Top 15%?*

*... in addition to the Top 15%?*

*... as another option for eligibility?*

*NOTE: Estimates are based on 1999 10<sup>th</sup> grade WASL. As the passing rate improves, so will the number of students who would qualify for Promise Scholarship*

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## Other Issues

### Use of WASL as Academic Standard

#### *WASL in lieu of Top 15%*

- *Finding:* Use of the 10<sup>th</sup> grade WASL as the academic eligibility criterion for the high school class of 2001 would have significantly increased the number of eligible students and altered geographic and school district distribution of recipients

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## Other Issues

### *WASL in lieu of Top 15%*

- 1,350 more recipients (45% increase)
- Redistribution in % of recipients by county
- Redistribution by school district
  - Schools within counties are affected differently

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## Other Issues

### *Both WASL and Top 15%*

- *Finding:* Requiring students to be in the Top 15% *and* pass the 10<sup>th</sup> grade WASL would have reduced the number of 2001-2002 recipients by approximately 1,400

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## Other Issues

### *WASL OR Top 15%*

- *Finding:* Allowing students to meet academic criteria by passing the 10<sup>th</sup> grade WASL *or* by being in the Top 15% of their graduating class would have nearly doubled the number of recipients

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## Preliminary Conclusions

- The Promise Scholarship program is effectively responding to statutory goals
- It should be continued with essentially the same criteria
- The program must be predictable and stable if it is to influence – not just reward – student behavior

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## Preliminary Conclusions

- Funding should support scholarships that are equivalent to full-time community college tuition
- Use of the WASL as the academic criterion for the Promise Scholarship should be studied further, but the WASL should not replace the Top 15% as the academic eligibility standard

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## Preliminary Conclusions

- Consideration of expanding eligibility to many more students or extending the program to four years should be deferred until the state's budget situation improves so that such changes would not adversely impact other need-based student financial aid programs or further reduce the average scholarship award amount

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## Preliminary Conclusions

- The Promise Scholarship program should be evaluated again after two or three groups of recipients have had time to graduate with a four-year degree

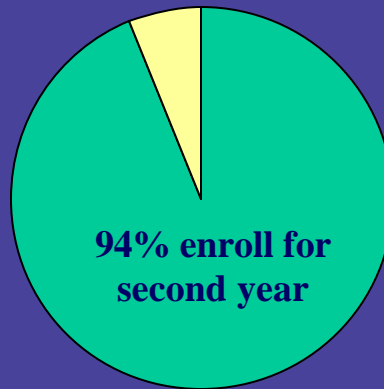
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## Period of Award and Scholarship Renewal

The Promise  
Scholarship is  
awarded for two years

94% of Promise  
Scholarship recipients  
enroll for a second  
year of study



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## Affordability Promise Recipients and Hope Tax Credit

- Very few low income Promise recipients qualify for a tax credit because they have low/no tax liability and because they tend to qualify for need-based grants

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## Affordability

### Promise Recipients and Hope Tax Credit

- Students with incomes of 65% or more of the state's median family income tended to qualify for:
  - A full tax credit at public research and private four-year universities;
  - A smaller tax credit at public comprehensive universities; and
  - A minimal tax credit at community colleges

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## Affordability

### Promise Recipients and Hope Tax Credit

- Highest income Promise Scholarship recipients at higher cost institutions were most likely to qualify for a full tax credit

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## Other Issues

### Scholarship Amount

*Study Question: Should the maximum value of the scholarship be increased?*

#### *Findings*

- A much larger scholarship would supplant tax credits for many more students
- However, for the scholarship to influence student behavior, the award amount must be significant and it must be predictable

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## Other Issues

### Four-Year Scholarship

*Study Question: Should the Promise Scholarship be awarded for four years?*

#### *Finding*

Extending the Promise Scholarship to four years of eligibility would be advantageous for recipients who pursue baccalaureate degrees. However it would be expensive.

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## OVERVIEW OF POLICIES AND PRACTICES STUDENT RESIDENCY STATUS

October 2002

A high demand for college enrollment, coupled with reduced state funding, has brought attention to the issue of student residency as it is defined for the purpose of differential tuition rates. This paper provides background information on residency policy as follows:

- Summary of current Washington State policy
- Examples of policy in other states
- Enrollment trends in Washington
- Issues to consider in making a change to policy

### CURRENT WASHINGTON STATE POLICY

State law directs public colleges and universities to apply uniform rules when making decisions on a student's resident/nonresident classification for tuition purposes (see RCW 28B.15.011 through 28B.15.014). These statutes include a provision that the Higher Education Coordinating Board (HECB) shall adopt rules and regulations for institutions to use when making determinations (WAC 250-18-010 through 250-18-060).

Following are the general criteria and steps that institutions use to determine residency or nonresidency for tuition purposes. For most students, classification depends to a large extent on where the student (or his/her parent or guardian) has been living, and for how long. State law uses the concept of "domicile" – meaning a person's true, fixed and permanent home and place of habitation. In most cases, classification as a Washington resident for tuition purposes requires a documented domicile in this state for at least one year. If the student is dependent, the relevant domicile is that of his/her parent or guardian. If the student is independent, the relevant domicile is that of the student.

### Determination of "Dependent" or "Independent" Status

The first criterion for tuition classification concerns determination of the student's financial status. Is the student financially dependent on his/her parent or guardian, or is the student financially independent?

**Financially dependent:** If the student is financially dependent, institutions of higher education use the domicile of the parent or guardian. Institutions are to consider the following as proof of dependency:

- Identification as a dependent on the federal income tax of the parent, legally appointed guardian or person having legal custody.

- Proof of a student's financial dependency for the current calendar year or the calendar year immediately prior to the year in which application is made (or documentation may be required later if the institution needs it).
- Legal proof of guardianship or custody.
- Evidence of established domicile of parent, guardian, or custodian.
- If a student is dependent and the parent or guardian has maintained a one-year domicile, the student him/herself is not required to establish a one-year domicile. The student may not be a resident if he/she is receiving financial assistance from another state governmental unit or agency for educational purposes.

**Financially independent:** If the student is financially independent, institutions of higher education use the student's domicile. According to the HECB rules, "*A person is financially independent if he or she has not been and will not be claimed as an exemption and has not received and will not receive financial assistance in cash or in kind of an amount equal to or greater than that which would qualify him or her to be claimed as an exemption for federal income tax purposes by any person except his or her spouse for the current calendar year and for the calendar year immediately prior to the year in which the application is made.*" The intent of this statement is that independent students need their own resources for financial support.

Higher education institutions may require documentation of financial independence, including but not limited to the following:

- The individual's sworn statement.
- A true copy of the first page of the federal income tax return for the prior calendar year in which an enrollment application is made. Or, if the student did not file an income tax return, documented information concerning the receipt of nontaxable income.
- A copy of the previous calendar year's W-2 form.
- Documentation of financial resources. Resources may include sale of personal or real property, inheritance, trust fund, state or financial assistance, gifts, loans, or statement of earnings of a spouse.
- A true copy of the relevant pages of the tax return of the parent, legally appointed guardian, or person(s) having legal custody of the student for the calendar year prior to application. (The intent is to establish that the individual was not claimed as a deduction on his/her parent's or guardian's tax return.)
- If documentation (as described above) is not available due to total separation or other reasons, a responsible third party (family physician, lawyer, social worker) may submit documentation.
- Information submitted by the student on the Washington financial aid form may be used to affirm authenticity of information.
- The burden of proof of financial independency lies with the student.

## Determination of Domicile

A “domicile” as defined in the rules is “a person’s true, fixed, and permanent home and place of habitation. It is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere.” The statutes and rules provide a number of factors that institutions of higher education can use to determine the location of a student’s domicile, or the domicile of the parent/guardian. The rules note that the establishment of a domicile is not determined by a single factor or by a predetermined number of factors. For resident tuition status to be conferred, institutions of higher education need evidence of a domicile in Washington – enough evidence to reasonably negate the existence of a domicile in any other state.

State law specifies that if a dependent student is classified as a resident, “one or both of the student’s parents or legal guardians” must have maintained a domicile in Washington for at least one year.

Among the factors to be considered when determining whether a bona fide Washington domicile has been established are the following, all of which must indicate that the activity occurred in Washington at least one year prior to the semester or quarter for which application is made, and that the status has been maintained:

- Registration or payment of taxes on a motor vehicle, mobile home, travel trailer, boat, or other property for which state registration or payment of a state tax is required.
- Valid Washington driver’s license.
- Permanent full-time employment in Washington.
- Address and other pertinent facts listed on a true and correct copy of income tax forms.
- Voter registration.
- Purchase of primary residence, lease agreement, or monthly rental receipts.
- Residence status if the student attended institutions outside Washington. (The intent is to determine that the student was not classified as a resident in another state.)
- Location of checking account, savings account, and/or safety deposit box.
- Supporting documentation may include address on selective service registration, or location of membership in professional, business, civic or other organizations.

**Special considerations for those enrolled for six or more credits:** A nonresident student enrolled for six or more credits is presumed to be in the state primarily for educational purposes, and cannot use this time to establish a bona fide domicile in Washington – unless the student proves that he/she has, in fact, established a bona fide domicile. In other words, students enrolled for six or more credits must *overcome the presumption* that they are here primarily to attend college.

## Classification as Resident or Nonresident for Tuition Purposes

In general, a classification of “resident” for tuition purposes is possible if it is determined that:

- the location of the relevant domicile is in Washington,
- the domicile has been maintained for at least one year, and
- the student is in Washington for purposes other than primarily education.

A classification of “nonresident” for tuition purposes occurs if the student does not qualify as a resident. A “nonresident” classification shall include:

- A student who is financially dependent for the current or prior year and who does not have a parent or legally appointed guardian who has maintained a bona fide domicile in the state of Washington for one year.
- Attends an institution with financial assistance provided by another state or governmental unit or agency for direct or indirect educational purposes (but does not include retirements, pensions, or other non-educational related income).
- Is not a citizen of the United States of America, unless such person holds permanent or temporary resident immigration status, “refugee-parolee,” or “conditional entrant” status, or is in the United States under color of law. In these cases, the person must meet all applicable requirements for residency/domicile as defined in the statutes and rules.

**Change of tuition classification:** After a student has registered at an institution, the classification remains unchanged in the absence of satisfactory evidence to the contrary. If a student wishes to change his/her tuition classification from nonresident to resident, the institution must determine that the requirements of the statutes and rules have been fulfilled, including domicile in Washington (for at least one year), as well as evidence of appropriate dependency or independency. The burden of proof lies with the student.

**Timelines:** Applications for a change in classification can be accepted up to the 30th calendar day following the first day of instruction in that quarter or semester. Beyond that date, applications will be considered for the following quarter or semester.

**Temporary absence from the state:** Domicile in Washington is not lost by reason of residency in another state or country while a member of civil or military service if the person returns to Washington within one year of discharge with the intent to be domiciled in Washington.

Any resident dependent student who remains in the state – when such student’s parents or guardians have left after having been domiciled at least one year in this state – may retain his/her resident status while continuously enrolled.

**Additional categories of “resident” for tuition purposes:** Most students are classified as resident or nonresident based on requirements described above. However, state law also designates several other categories as “resident” for tuition purposes. These include:

- Students who have spent at least 75 percent of both their junior and senior years in high school in Washington, whose parents or legal guardians have been domiciled in the state for a period of at least one year within the five-year period before the students graduate from high school and who enroll in a public institution of higher education within six months of leaving high school, for as long as the student remains continuously enrolled for three quarters or two semesters in any calendar year.
- A student on active duty military stationed in Washington, or a student who is a member of the Washington National Guard.
- The spouse or dependent of a person who is on active military duty stationed in Washington.
- A student who resides in Washington who is the spouse or dependent of a member of the Washington National Guard.
- A student from out-of-state who attends a Washington institution under a home tuition agreement (i.e., participants in student exchange programs).
- A student who is an American Indian and a member of a designated tribe as listed in statute, and who has been domiciled in Washington, Idaho, Oregon, and/or Montana for a year.
- The Border County Pilot Project defines residents from specific counties in Oregon to be Washington residents for tuition purposes if they attend community colleges in several specified counties in Washington, or if they attend Washington State University/Vancouver or Washington State University/Tri-Cities for eight credits or fewer. The state statute authorizing this pilot project expires June 30, 2004.

## **Exemptions and Waivers**

State statutes allow several exemptions and waivers from the payment of all or a portion of nonresident tuition, as follows:<sup>1</sup>

- Students who hold graduate service appointments or are employed in support of the instructional or research programs of an academic department involving 20 hours or more per week.
- Faculty members, classified staff members, or administratively exempt employees holding not less than half-time appointments, their spouses and dependent children.
- Immigrant refugees and their spouses and dependent children if the refugee is on parole status, or has received an immigrant visa, or has applied for U.S. citizenship.
- Students who qualify under foreign student exchange programs.
- Any dependent of a member of the U.S. Congress representing the state of Washington.

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<sup>1</sup> See RCW 28B.15.

- Students eligible under the Western Interstate Commission for Higher Education program (WICHE).
- Students eligible under reciprocity agreements with British Columbia, Idaho, and Oregon.
- University of Washington medical/dental students who participate in the Washington, Alaska, Montana, Idaho or Wyoming program at Washington State University.
- The “West” waiver (RCW 28B.15.915), introduced in 2000, allows institutions to waive all or a portion of the operating fees for any student.

### **Decision-Making for Tuition Classifications**

For the purposes of making decisions on the status of individual students, institutional boards of trustees or regents designate an institutional official to be responsible for these decisions, and for keeping appropriate records. State law directs institutions to apply uniform rules that are prescribed in statute and incorporated in the rules and regulations of the Higher Education Coordinating Board.

The Higher Education Coordinating Board rules provide that contested cases are subject to court review.

### **EXAMPLES OF RESIDENCY POLICY IN OTHER STATES<sup>2</sup>**

#### **Residence Period**

The majority of states follow policies substantively similar to Washington’s, with a one-year residence period required, supported by documents such as tax returns, driver’s license, registration to vote, etc. States that vary from the one-year residency period include:

- Utah: a 24-month period of residency is required.
- State Universities of New York (SUNY): No residency period required, but must prove intent of domicile.
- Tennessee: No residency period required, but must prove intent of domicile.
- Illinois: Residency periods vary; 6 months at most institutions.

#### **Exemptions and Waivers**

Different states use a wide variety of specific exemptions and waivers too numerous to describe in detail. For example, many states, like Washington, allow graduate assistants exemptions or

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<sup>2</sup> Information on other state policies was obtained from a variety of sources:

The College Board, Guide to State Residency Requirements, Policy and Practice at U.S. Public Colleges and Universities.

Telephone interviews with residency officers at selected institutions, October 2002.

Education Commission of the States, Review of Recent Legislation, policies enacted since 1999.

E-mail survey of State Higher Education Executive Officers, October 2002.

waivers of nonresident tuition (e.g., Iowa and Michigan). Some states specifically allow those transferred to the state for employment purposes exemption from nonresident tuition (e.g., Arizona and Ohio). Others exempt spouses of residents from nonresident tuition (e.g., Connecticut and Hawaii), or provide exemption for dependent children of alumni (e.g., Alaska).

### **Overcoming Presumption of Residence for Educational Purposes**

In Washington, if a student takes more than six credits per quarter, the student must overcome the presumption that he/she is here primarily to acquire an education to acquire resident status. Overcoming this presumption requires the documentation described at the beginning of this paper for proving evidence of domicile. Permanent full-time employment in Washington is listed among the factors to be considered in determining domicile.

In contrast, Texas requires a student who has been enrolled as a nonresident to withdraw from school and be gainfully employed in the state for 12 months before reclassification.

In Utah, a student who has enrolled in higher education cannot overcome the presumption of residence for educational purposes. Instead, once enrolled as a nonresident, he/she must earn 60 semester credits (equivalent to 90 quarter credits) before resident status will be granted.

### **Enrollment Caps**

No statute currently exists in Washington to limit the proportion of nonresident students to resident students. The Pennsylvania State System of Higher Education has a policy that caps domestic nonresident undergraduate enrollment at no greater than 10 percent system-wide. An informal survey of other institutions is now in progress to determine whether any other states restrict nonresident populations.

## **ENROLLMENT TRENDS IN WASHINGTON<sup>3</sup>**

### **Undergraduate Students at Public Four-Year Institutions**

The fall 2001 population of undergraduate students enrolled at four-year public institutions in Washington was as follows: 89.4 percent residents, 8.2 percent out-of-state nonresidents, and 2.4 percent foreign nonresidents.

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<sup>3</sup> All figures cited were obtained from state enrollment data, using fall quarter headcounts under the following definitions. These definitions do NOT necessarily correspond with the type of tuition a student pays, due to a variety of exemptions and waivers.

Resident: Domiciled in the state of Washington according to RCW 28B.15.012.

Nonresident: Not domiciled in the state of Washington according to RCW 28B.15.012.

Foreign: Nonresident student attending the institution on an F-1 visa, or Canadians with border crossing privileges.

Domestic: All other nonresident students.

Since 1996, the percentage of undergraduates classified as out-of-state nonresidents at the public four-year institutions increased by 1.35 percent. The number of foreign undergraduates decreased overall by 0.29 percent at the public four-year institutions.

### **Undergraduate Students at Community and Technical Colleges**

The fall 2001 population of undergraduate students enrolled at community and technical colleges was as follows: 96.2 percent residents, 3.7 percent out-of-state nonresidents, and 0.1 percent foreign nonresidents.

The percentage of undergraduates classified as out-of-state decreased by 1.69 percent in the community and technical college system since 1996. Foreign student undergraduate enrollment decreased at the community and technical colleges by 0.11 percent.

### **Graduate and Professional Students at Public Four-Year Institutions**

The graduate and professional student population at public four-year colleges in fall 2001 was composed of 68.6 percent residents, 17.2 percent out-of-state nonresidents, and 14.2 percent foreign nonresidents.

For graduate and professional students, enrollment trends since 1996 show an overall decrease for out-of-state students (2.52 percent), and an overall increase of students classified as foreign nonresidents (2.31 percent).

## **ISSUES TO CONSIDER**

### **Impact on State Revenue**

The differences between current undergraduate nonresident and resident statutory tuition rates, per academic year, are as follows:

<b>Institution</b>	<b>Nonresident Undergraduate Tuition</b>	<b>Resident Undergraduate Tuition</b>	<b>\$ Difference</b>
<b>Central</b>	\$11,412	\$3,423	\$ 7,989
<b>Eastern</b>	\$11,634	\$3,357	\$ 8,277
<b>Evergreen</b>	\$12,264	\$3,440	\$ 8,824
<b>UW</b>	\$15,156	\$4,455	\$10,701
<b>Western</b>	\$11,607	\$3,408	\$ 8,199
<b>WSU</b>	\$12,270	\$4,520	\$ 7,750
<b>Community/Technical</b>	\$ 7,191	\$1,983	\$ 5,208

Source: 2002-03 Statutory Tuition Rates, HECB Tuition and Fees.



The difference between resident and nonresident tuition rates can provide a very rough estimate of revenue that might be expected by a change in residency policy – but projecting the impact of a stricter policy with any degree of precision requires a more detailed analysis of changes in residency by academic term at the different institutions. Waivers and exemptions also have a significant effect on tuition revenue.

### **State Financial Aid**

Eligibility for state financial aid is conditional upon resident status as defined for the purposes of tuition. Any change in residency requirements would therefore affect eligibility for state aid.

### **Timing**

If changes to statutes were passed in the next legislative session, they would apply to the 2003 incoming class of fall freshmen. Students attending under current rules, as well as students who have not enrolled by fall 2003 but have made decisions to attend based on current residency rules (such as athletes), should be considered.

### **Community Colleges**

House Bill 2377, presented to the Legislature in 1998, requested that the residency period for students attending Clark College be changed to 90 days. The bill was not passed, but it raises the question of how a stricter residency policy might affect community colleges. Some states have differential residency requirements for different colleges (e.g., Illinois), but different requirements at different schools could lead to confusion for students.

### **Impact On State Economy**

Would business enterprises be less likely to locate in Washington given a stricter residency policy? Even businesses that are currently located in the state might react negatively to a change in policy if they import a large number of employees from out-of-state. A waiver or exemption might need to be written to protect those moving here for employment purposes, as is done in Arizona and Ohio, among others.

### **SUMMARY**

Residency policy is extremely complex. While tightening residency policies might result in increased revenue, other unwanted effects (such as impacts on eligibility for financial aid) may occur. This paper has outlined the major issues involved in considering a change to policy, but participation and feedback from the institutions will be a crucial element in this discussion, as institution staff have day-to-day experience in interpreting the current rules.

# Residency Overview:

October 29, 2002



WASHINGTON  
**HIGHER  
EDUCATION**  
COORDINATING BOARD

## Presentation Goal/Overview

- Background information on residency
- Current Washington state policy
- Examples of policy in other states
- Fall 2001 enrollment
- Issues connected to residency policy

## Washington State Law

- Public colleges are directed to apply uniform rules when making decisions on a student's resident/nonresident classification for tuition purposes (RCW 28B.15.011 through 28B.15.014)
- The HECB establishes necessary regulations for the administration of residency status in higher education. (WAC 250-18-010 through 250-18-060)

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## Current Residency Policy in Washington: The Basics

1. Establish whether student is financially dependent or independent
  - Dependent students use domicile of one or both parents or legal guardian
  - If independent, domicile of student used
2. Determine bona fide domicile of one year
3. Some students classified as non-residents may be eligible for exemptions or waivers under certain statutes (RCW 28.B.15)

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## Current Policy in Washington: Financial Independence

- A student is financially independent if:
    - He/she has not been claimed as exemption and has not received financial assistance equal to or greater than amount qualifying for exemption for the current calendar year and calendar year immediately prior to application
  - Documentation of independence includes but is not limited to:
    - Sworn statement, tax returns, W-2 form, other documented financial resources
- (Source: WAC 250-18-035)

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## Current Policy in Washington: Financial Dependence

- The following factors are considered evidence of financial dependence:
    - Legal proof of guardianship or custody
    - Evidence of established domicile of parent, guardian or custodian
    - Identification as dependent on tax returns
    - Proof of financial dependency for current calendar year or calendar year immediately prior to application
- (Source: WAC 250-18-040)

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## Current Policy in Washington: Evidence of Domicile

- “A person’s true, fixed and permanent home and place of habitation. It is the place where he or she intends to remain...” Source: WAC 250-18-015
- Domicile must be established one year prior to beginning of term and be established for a purpose other than education if the student is enrolled for 6 credits or more.
- Factors considered:
  - Registration/payment of taxes or fees on personal property
  - Valid Washington state driver’s license
  - Permanent full-time employment
  - Address on tax returns
  - Voter registration
  - Purchase of residence, rent receipts
  - Residence status at out-of-state schools
  - Location of bank accounts

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## Current Policy in Washington: Waivers and Exemptions: (A few examples)

- Students with graduate service appointments or who are employed in support of instruction/research in academic dept. at least 20 hours/week
- Faculty, classified/exempt staff employed at least half-time, their spouses & dependent children
- “West” waiver (RCW 28B.15.915) allows institutions to waive all or a portion of the operating fees for any student

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## Policy in Other States: One Year Residence Period

- Most states, like Washington, require one year. Some exceptions include:
  - Utah: a new law passed in May 2002 requires two years of residence in state as a non-student to qualify for resident tuition rates
  - State Universities of New York: No time period specified for residence, but must prove intent of domicile
  - Illinois: Residence periods vary but are set at six months at most institutions

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## Policy in Other States: Waivers and Exemptions

- Many states, like Washington, offer waivers/exemptions for graduate assistants, faculty & staff. A few examples of other types of waivers/exemptions include:
  - Transfers to the state for employment purposes (e.g. Arizona, Ohio)
  - Spouses of residents (e.g. Connecticut, Hawaii)
  - Dependent children of alumni (e.g. Alaska)

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## Policy in Other States: Overcoming Presumption of Domicile for Educational Purposes

- In Washington, overcoming this presumption requires proof that domicile has been established for non-educational purposes. Examples of other state policies include:
  - Texas: Once enrolled as a non-resident, a student must withdraw from school and be gainfully employed in state for 12 months before reclassification as a resident.
  - Utah: Once enrolled as a non-resident, a student must earn 60 nonresident semester credits (about two years) to qualify for resident tuition rates

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## Policy in Other States: Enrollment Caps

- Washington and most other states do not cap out-of-state enrollment. Some exceptions include:
  - Pennsylvania: Caps out-of-state undergraduate nonresident population at 10% system-wide
  - Florida: Past policy of Board of Regents limited non-resident enrollment to no more than 10% system-wide.

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## Washington Enrollment Trends: Fall 2001, Public Institutions

- Undergraduates, out of state
  - 4-year colleges: 8.2%
  - 2-year colleges: 3.7%
- Undergraduates, foreign countries
  - 4-year colleges: 2.4%
  - 2-year colleges: 0.1%
- Grad/Professional, out of state: 17.2%
- Grad/Professional, foreign countries: 14.2%

Source: OFM HEER Data. Reflects enrollment – not necessarily type of tuition paid

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## Related Issues

- Tuition Revenue
  - Increase? Depends on variety of factors
- State Financial Aid
  - Eligibility based on residency
- Timing
  - Effect on students attending/considering attendance
- Uniformity
  - Different institutions (e.g. community colleges) may request different residency rules
- State Economy
  - Possible negative effect if policy is strict

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